

Name of Event: CWAG Annual Convention

Date of Event: May 12, 2005 (White House Conference on Aging was part of a three day event May 10-12)

Location of Event: Inn on the Park, Madison, WI

Number of persons attending: 350

Sponsoring Organization : Coalition of Wisconsin Aging Groups

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Priority Issue #1 Social Security

This issue was presented by two workshops that we repeated due to the high interest of the topic. The first workshop was titled: Social Security: Today and Tomorrow. This workshop explored the 70 year history of the Social Security system. From the earliest benefit payments, to what benefits are payable today, to projections for the future. Ample time was allowed for questions and answers and discussion. Presenters for the workshop were Jan Witt, National Committee to Preserve Social Security and Medicare and Bruce Shultz, staff of the Social Security Administration

The second workshop was titled: Social Security: The Debate about Reform presented by Paul Sherman, Attorney CWAG Elder Law Center

For months the news has been filled with stories about the impending "crisis" facing Social Security. Many politicians and interest groups have put forth plans to reform and preserve Social Security for future generations. Participants in this workshop were given a brief overview of the financial health of the Social Security program. A detailed discussion of various reform proposals was held. A lively discussion ensued.

Barriers:

Personal Accounts

\* Personal accounts do little if anything to address the long-term solvency of Social Security. In fact, under personal account plans, payroll taxes directed to personal accounts would require that other sources of funding be developed to meet obligations to current beneficiaries. These transitions costs could actually be detrimental to Social Security's near-term solvency.

\* While the securities market may have historically outperformed

government bonds, there is no guarantee that it will continue to do so, and no guarantee that when any particular cohort or retirees began to need funds from their personal accounts that the markets will not be down.

\* Traditional Social Security pays a guaranteed monthly benefit for life. In order to insure the same protection to individuals most of the personal account plans require retirees to purchase annuities with their personal account funds. These and other steps necessary to insure a steady income to beneficiaries will result in less choice than one might expect.

\* Currently Social Security administrative costs amount to about ½ of 1 percent. The experiences of other countries with personal accounts indicate that the cost of administering personal account is significantly higher.

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### Raise Payroll Tax

\* A payroll tax increase would place an even larger burden on younger workers to preserve Social Security

\* Even a 1% increase on the payroll tax would significantly reduce the income of low and moderate wage workers making it difficult for them to meet basic needs.

### Price Index the Benefit Formula

\* Current workers would be required to continue to contribute at the same rate to Social Security with only the promise of diminished future benefits.

\* Experience has shown that for many workers, particularly low wage workers, Social Security will be their only source of retirement income. Reduced benefits will work a significant hardship on this group of retirees.

### Social Security Earnings Cap

\* In order for this reform to have maximum effect, the cap on payments of Social Security benefits must be left in place. Under this reform therefore those earnings above \$90,000 would incur a significant tax increase without any additional return in future benefits.

\* High wage earners may see the additional tax as a disincentive to working and may seek compensation in the form of non-taxable compensation, actually reducing income to the Trust Fund and increasing the actuarial deficit.

#### Proposed Solutions (These resolutions were adopted at the Closing Business Session of the CWAG 28th Annual Convention)

1. Raise the Social Security tax cap to encompass 90 percent of all wages, to be phased in over a five-year period. The additional taxes paid by high income earners should be credited for benefit purposes. This measure would make up approximately 40 percent of the actuarial deficit.
2. To oppose the privatization of Social Security
3. A portion of Social Security Trust Fund be invested prudently in a diversified portfolio
4. Cover all newly hired employees within five years of implementation of this solution. This change would make coverage nearly universal under Social Security and would provide seamless coverage for workers who change jobs. This measure would make up approximately ten percent of the 75 year deficit.
5. All federal income taxes paid on Social Security benefits will be credited to the Social Security Trust Fund.

#### Priority Issue #2-Medicare

Three workshops were convened on the topic of Medicare.

The first workshop was: Medicare Drug Benefit: The Wisconsin Reaction presenters were: Nancy Edwards, Program specialist CWAG Elder Law Center and Helen Marks Dicks, Attorney, Director of Elder Law Center. This workshop was designed to develop

a better of understanding of the new prescription drug benefit coverage, costs, and special help for low income beneficiaries, plan structure, and comparing options. Also, how Wisconsin is responding to Medicare Part D was discussed.

The second workshop was entitled: Medicare RX Drug Program Information. Presenters were Yolanda Burge-Clarke, CMS and Teresa Perez, attorney CWAG Elder Law Center. This workshop explained specifics about the program and fielded question regarding making application

The Third workshop was: ABCD"s of Medicare Presented by Elizabeth Conrad, Staff CWAG ELC and Gary Kuhnen, CWAG Lead Volunteer This workshop provided an overview of the benefits and services of each part of Medicare.

#### Barriers

The greatest barrier of these sessions was the confusion and difficulties that have been presented by the Medicare Part D Program. The barriers are evidenced in the following resolutions:

Proposed Solutions (These resolutions were adopted at the Closing Business Session of the CWAG 28th Annual Convention)

1. Congress should pass legislation to repeal the Medicare Modernization Act and pass legislations making comprehensive prescription drug coverage available to Medicare recipients through the regular Medicare program and/or state prescription drug programs and not through private insurance plans.
2. Congress should pass legislation that gives the US Department of Health and Human Services the authority and duty to negotiate lower prescription drug prices for Medicare recipients. Rather than prohibiting DHHS from using the purchasing power of Medicare to negotiate with pharmaceutical companies, Congress should mandate it.
3. Congress and the President should commit to protect and retain the Medicare program's traditional structure, in which enrollees have access to a standard benefit package that is comprehensive in scope and are ensured their choice of medical providers.

### Priority Issue #3- Reauthorization of the Older American's Act

This workshop was presented by Gail Schwersenska, Aging Network Operations Chief of the Bureau on Aging. This workshop presented a short history of the Older Americans Act and its components and the details of the proposed current authorization.

#### Barriers

Advocacy efforts to encourage action by Congress

Proposed Solution (This resolution was adopted at the Closing Business Session of the CWAG 28th Annual Convention)

Congress must appropriate adequate funds through the Older Americans Act and other federal funding sources to enable the aging services network to provide quality nutrition and physical activity programming, health education and promotion, disease prevention services and volunteer opportunities for older adults in the community.

There were two other priority areas that were dealt with in other parts of the convention. Resolutions addressing Canadian Drug Reimportation and Long Term Care were adopted as follows:

#### Canadian Drug Reimportation

Congress should pass reimportation legislation to allow citizens and pharmacies to purchase prescription drugs from Canada and other countries that have equal or better safety regulations. Prohibit pharmaceutical companies from cutting off supplies to countries that allow sales to the United States.

#### Long-Term Care:

1. Congress should amend the Social Security Act to make long-term care in any setting-the home, a community facility or a nursing home-a mandatory Medicaid benefit. In order to control the utilization of costly care settings, the amendment should allow states to set different functional eligibility standards for admission into institutions, assisted living facilities and home-based, long-term care.
2. Congress should oppose efforts to create a Medicaid block grant type

system. Medicaid should be protected as an entitlement to fund both institutional and community-based care, providing a safety net for meeting the long-term care needs of low-income elders.

3. Congress should increase funding for Title III of the Older American's Act to enable people who need some help, but who do not meet Medicaid eligibility

Thresholds, to receive services that may prevent the need for more costly interventions.

This concludes the report from the Coalition of Wisconsin Aging Groups. It is our hope that this work will be utilized in the proceedings of the White House Conference scheduled for December. Thank you for the opportunity to contribute.